GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2271
ANSWERED ON:28.07.2017
Municipal Bonds
Kambhampati Dr. Hari Babu

Will the Minister of FINANCE be pleased to state:

a) whether the Government has any regulations in place with regards to Municipal Bonds;

b) if so, the details thereof, if not, the reasons therefor; and

c) the steps taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI ARJUN RAM MEGHWAL)

(a) & (b) : Yes Madam. In July, 2015, Securities and Exchange Board of India (SEBI) notified a regulatory framework 'SEBI (Issue and Listing of Debt Securities by Municipalities) Regulations, 2015' for issuing municipal bonds in India. These regulations allow municipal bodies or a corporate municipal entity (a body corporate registered under the Companies Act and a subsidiary of the municipality formed for the purpose of raising funds) to issue municipal bonds through private placement or public issue. These Regulations inter-alia provide a framework governing the issuance and listing of bonds by Municipalities and will enable the investors to make an informed investment decision before investing in these bonds. These regulations also provide for disclosure requirements to be made by the prospective issuers.

(c): Does not arise.